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Press Release

For Immediate Release
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Liquidator of Tufts Health Plan of New England, Inc. Reaches Agreement on TNE Estate with Tufts Associated Health Plans, Inc.

Proposed Settlement described as a Fair and Equitable Resolution

Concord, NH and Waltham, MA –Paula T. Rogers, Commissioner of the New Hampshire Insurance Department, acting in her capacity as the court appointed Liquidator of Tufts Health Plan of New England, Inc. (TNE), and Tufts Associated Health Plans, Inc. (Tufts HP), announced today that they have reached a settlement, subject to court approval, of litigation arising from the liquidation of TNE. The settlement, which must be approved by the Superior Court of Merrimack County, New Hampshire overseeing the liquidation, establishes processes whereby all properly allowed claims would be fully paid upon approval and full implementation of the agreement. The comprehensive agreement would resolve all allowed claims against TNE and Tufts HP, including an agreed upon amount for claims filed by Bath Iron Works.

Tufts HP announced on November 22, 1999 that it would no longer fund TNE, its New Hampshire based subsidiary that also operated in Maine and Rhode Island. As court appointed Rehabilitator, Commissioner Rogers looked initially to find another viable insurer willing to buy and or merge with TNE. Concluding that a rehabilitation was not feasible, on December 20, 1999, Ms. Rogers petitioned the court to issue an order placing TNE in liquidation effective January 3, 2000. Since that date, Ms. Rogers, as Liquidator, has worked to settle the affairs of the TNE estate. TNE, which at its peak provided health coverage to over 150,000 members, ceased operations and terminated all coverages effective midnight on February 2, 2000.

"I am pleased with this agreement," says Rogers, "and I am very appreciative of the patience of all the involved parties, especially the creditors who have had to wait so long. This has been a complicated effort, but everyone has worked hard to find a solution to TNE's outstanding issues. I also want to thank my fellow insurance regulators, Alessandro Iuppa, Superintendent of the Maine Bureau of Insurance; Linda Ruthardt, Commissioner of the Massachusetts Division of Insurance, and Marilyn Shannon McConaghy, Director of the Rhode Island Department of Business Regulation, for their assistance and support throughout the negotiations."

"We are pleased to have reached this juncture and appreciate the willingness of Commissioner Rogers to work with us to develop a quick and effective resolution. This agreement guarantees that TNE providers and other creditors will be fully paid for their properly allowed claims," says Dr. Harris Berman, chief executive of Tufts Health Plan. "Tufts Health Plan has previously set aside funds for closing TNE, so this agreement will have no impact on our Massachusetts business." Tufts HP through its affiliates offers health care coverage to 925,000 members through Massachusetts employers, providing access to providers in Massachusetts, New Hampshire and Rhode Island.

All claimants who have filed a proof of claim, as previously directed, to secure recognition as a creditor of TNE, will be contacted directly with a mailing containing details of the recommended settlement, the hearing date for approval of the settlement, and the date by which all objections must be filed with the court. These details will also be posted on the web at www.state.nh.us/insurance.